



The President's Daily Brief

16 August 1969

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VIETNAM

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MIDDLE EAST

The Israelis are still preventing the repair of Jordan's East Ghor canal, which normally provides water for up to 40 percent of the East Bank's agricultural production. Our analysis suggests, however, that the immediate effects of the break will not be too severe. Much of the irrigated area was planted in grains and vegetables which already have been harvested. There are also sizable citrus and banana plantations, but sufficient water apparently is available from secondary sources for most of the citrus trees and some of the bananas. The Jordanians have also benefited this year from good harvests in non-irrigated areas.

Jordan will begin feeling the economic pinch much more sharply if the canal is not repaired within a month. (Political pressures, of course, are already acute as the Jordanians

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suffer yet another demonstration of their vulnerability.) By mid-September most of the banana trees will have died and it will be impossible to start the next crop cycle. Replacement of the banana orchards would take at least seven years.

EUROPE

The main trend in the money markets since the French devaluation has been a shift from sterling to marks. Pressure on sterling decreased late in the week, partly because many foreign exchange markets were closed yesterday. The French franc has been holding its own, but the flow of foreign exchange back to the Bank of France has been relatively moderate.

We expect the mark to remain strong, and the signs are clear that next week will be another one of tension, especially for the pound. A full-scale crisis is always possible.

SOVIET AFFAIRS

Satellite photography has detected construction of another group of six silos for the SS-9 ICBM, the seventh new group started in 1969. About 175 silos are believed to be operational now. When all identified groups are completed--by mid-1971--270 SS-9 launchers will be in service.

SOVIET UNION - COMMUNIST CHINA

No new fighting has been reported along the border, but both sides are beginning to exploit the propaganda aspects of the incident. Soviet commentary has been sparse but Moscow is

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beginning to elaborate on its version, while refraining from the emotionalism which characterized its propaganda after the March incidents. Peking's reaction has also shown restraint and reveals no intention to widen the scope of the dispute.

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COMMUNIST CHINA

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LAOS

The Communists continue to maintain pressure on government forces in north Laos, although they have not mounted a major attack since the fall of Muong Soui almost two months

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ago. On the government side, poor flying weather and the difficulty of moving troops overland have forced a temporary postponement of Vang Pao's efforts to move against the enemy in the southern portion of the Plaine des Jarres.

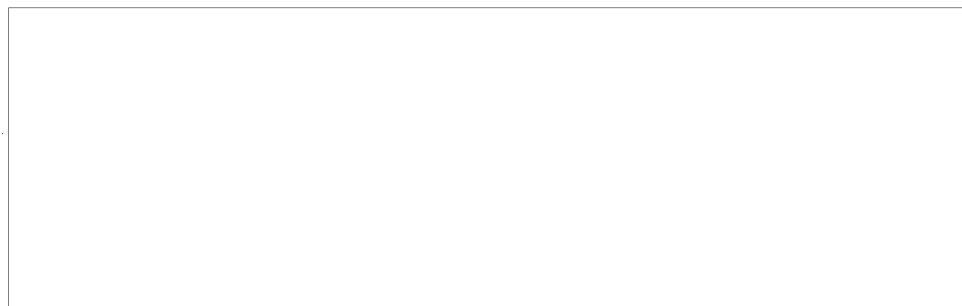
NORTHERN IRELAND



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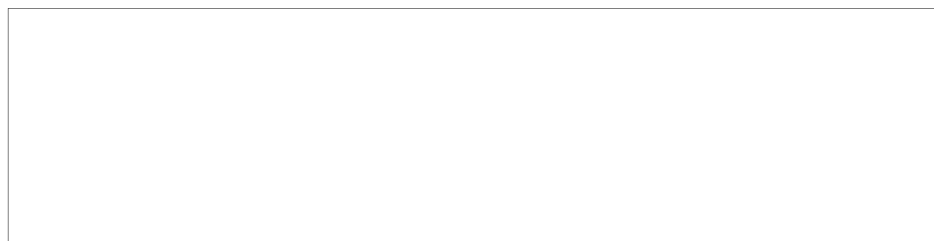
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